A CASE STUDY OF FEE-FOR-SERVICE ACTIVITY

at the

TRAINING RESOURCE CENTER, PORTLAND MAINE

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TRAINING RESOURCE CENTER - PORTLAND, MAINE

EXECUTIVE SUMMARY

The Cumberland County Training Resource Center (TRC), located in Portland Maine, is a private nonprofit organization that serves as the JTPA administrative entity, grant recipient and service provider for Cumberland County. TRC has been -- with strong urging from Board members and solid support from the Private Industry Council -- in the midst of developing and implementing fee-based activities since 1992.

TRC's current vision includes "customer-friendly service delivery through a One-Stop Center; a business community steeped in a learning culture; empowered customers in a partnership with empowered staff; *a diversified funding base, no longer totally dependent on government grants* ; and strong partnerships that build on shared resources." To achieve the goal of fiscal stability and expanded capacity, TRC has initiated a gradual but steadily increasing move into the fee-for-service (FFS) market. As a target, they have established a three-year goal of $150,000 in net income from fee-generated activities.

- **The primary forces that motivated TRC to pursue fee-for-service business**

included:
- The Need to Increase and Diversify Resources rather than be dependent on dwindling public resources.
- The Identification of Value-added Services which taught TRC that if certain services were good for JTPA clients because they were what employers said they must have, why wouldn't they also be good for fee-paying clients? Thus began the identification of "the product": something the buying public needs, at a price they are willing to pay.
- Start-up Funding which was realized by net revenues generated from winning a competitive grant to provide National Semiconductor with fee-based outplacement services as part of a team delivery model with a private firm and the companies own HR personnel (although this would not become their "niche" fee-based service).
- The Empty Seat Phenomenon which expanded their "what's good for JTPA clients is also good for fee-paying clients" motto as they tested the waters by selling "empty seats" in computer classes on a stand-by basis at a reduced rate to non-JTPA clients and which served as an effective marketing tool, helping to build credibility and name recognition in the community.

With these forces in place, TRC was banking on an inevitable progression: from high quality employer-driven in-house portable skills programs for JTPA clients, to the sale of empty computer class seats to the fee-paying public, to customized training for companies

- **Prior to pursuing fee-for-service program options, TRC addressed several key issues:**
  - Building **Board support** in terms of a longer start-up time than originally anticipated;
  - Developing **internal capacity building** to ensure that there would be something of value to sell;
  - Assuring **PIC buy-in**, including allaying fears about detracting from JTPA responsibilities;
  - Building **staff support**, first for the overall initiative, and then for understanding that it would not/could not happen all at once; and
  - Building **credible financial and monitoring systems** so that the agency could maintain fiscal integrity and also pass the "front page litmus test."

While the initial launch of fee-for-service in January of 1996 went according to plan, TRC is quick to acknowledge that their leap into the business world was a combination of a whole lot of enthusiasm, a little bit of arrogance, and the naiveté of the uninitiated. The goal of $8 - 9,000 a month in gross revenues did not match the reality of a shoe-string marketing campaign, no dedicated staff for follow-up, and the lingering public perception of TRC as a "government program." It also assumed that all variables would remain constant, which was not the case as when unanticipated events created a personnel shortage that impacted the agency's ability to offer additional computer classes and assessment services. However, the leadership viewed short-term setbacks as just one more step in the process.

- **The reassessment and re-launch included:**
  - reassignments of staff;
  - development of a business database to help marketing and other outreach activities;
  - more money being spent on promotional efforts;

- a revision of the income projections to a more realistic level;
- staff development activities; and
- the promotion of broader public policy initiatives targeted towards employers to further support their base of fee-for-service activities &endash; portable skills training.

○ **TRC cites pricing as one of the more unique challenges.** They have successfully used the reduced rate stand-by computer class process and are now experimenting with workshops on a cost-plus basis (as opposed to a per-person charge) and will constantly review all pricing policies, and experiment and adapt as required.

TRC now believes they are in a position to build on their small but carefully built base of satisfied customers. Slowly but surely TRC says that the word is getting out in the business community: their educational services are highly relevant to employer needs; the quality is consistently excellent; and classes are easily customized to meet the needs of individual businesses. TRC is eager to share their fee-for-service experience, including their thoughts about lessons learned and strategies for success that may be helpful to others embarking on the same path.

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I. Background and Overview

The Cumberland County Training Resource Center (TRC) is a private nonprofit that has served as the JTPA administrative entity, grant recipient and service provider since the transition from CETA in the early 80's. Located in Portland, Maine, the SDA provides employment and training services within Cumberland County, which is the largest county in the state. The region has a population of 246,000, encompassing 853 square miles. It includes the urban/suburban centers of Portland, South Portland; the lakes region to the west; and small rural towns to the north.

a) Economic Infrastructure

Southern Maine is often referred to as "the economic engine of the state", primarily because it attracts a high percentage of the state's new economic development initiatives, is home to several major international corporations (UNUM, National Semiconductor and LL Bean), and supports a substantial banking and insurance infrastructure. The region is also rapidly becoming a magnet for the call-center business, an industry that offers good entry-level opportunities for those with limited work experience.

Despite a relatively robust economy, at least in comparison to poorer regions of the state, there are serious flaws in the County's economic infrastructure. Many of the good manufacturing jobs which previously provided long-term employment at a livable wage, are gone. The current 2% unemployment rate masks the problem of thousands of southern Maine residents who have settled for readily available

jobs in the service sector, many of which are seasonal or part-time, with low-pay and no benefits and does not reflect the substantial influx of people from poorer counties to the north, bringing unknown numbers of long-term unemployed, sometimes called "discouraged workers", to southern Maine.

TRC believes that the statistics do not adequately portray the depth of the problems faced by the region's large economic underclass: the "working poor" and the structurally unemployed. This population includes many dislocated workers who take whatever job is necessary just to survive, as well as those who are on and off the welfare rolls on a regular basis. Many are deficient in the higher-level portable skills, including technological competency, that businesses in the '90's must have in order to compete in the emerging global economy. Those who are employed at the margins continue to struggle and are handicapped by the lack of 90's-type skills that is further compounded by insufficient opportunities to learn and to grow.

b) Governance

TRC is organized as a non-profit organization (501(c)3) governed by a Board of Directors whose members represent most of the major private sector businesses, educational and health care institutions in the region. The Board is currently chaired by Jay Hotchkiss, President of John Jay and Company, an independent human resources consulting firm. Primary areas of responsibility include financial management; human resource policy development and management; agency development, including marketing and public relations efforts; and legal consultation, with recent emphasis on issues relating to the new One-Stop facility (TRC is the lease-holder for all the partner agencies).

As a non-profit organization, TRC decided they needed a separate governing board that focused on the fiduciary and management issues related to the organization as a business. But since TRC also operates as the JTPA administrative entity, the law also requires that a Private Industry Council be in place. TRC and their government partners decided these should be separate entities.

As such, the PIC is a separate policy body, appointed by the County Commissioners and has the typical responsibilities related to JTPA oversight. Like the Board, members of the PIC represent almost every major industry, type of business and service provider partner in the region. Some larger companies have representation on both the PIC and the Board. Because of the PIC's role in program development, members often have experience in the human resource area and are uniquely qualified to enhance understanding of employers' workforce needs. Given the preponderance of small businesses and temporary placement agencies in the region, care is taken to make sure both are represented on the PIC. The PIC is chaired by Alan Cardinal of Wright Express. Until recently Mr. Cardinal was a human resource manager at National Semiconductor, where he led the development of the 1994 Career Center project which ultimately played a key role in TRC's fee-for-service business.

TRC goes to both their Board and their PIC on all major issues that affect them as an organization as well as impacts on their JTPA responsibilities ~ as was the case for implementing a fee-for-service business.

c) The Training Resource Center

Elizabeth ("Betsy") Levenson has been TRC's Executive Director since 1992. She has led this small SDA through some turbulent years, marked by erratic government funding that often brought the agency below a reasonable financial threshold and internal systems that were in need of significant upgrading. She has also been -- with strong urging from Board members and solid support from the PIC -- a key motivational force in staying the course through the ups and downs of developing fee-based activities.

TRC's 1996 Annual Report states that external factors will not deter the agency from a vision which includes "customer-friendly service delivery through a One-Stop Center; a business community steeped in a learning culture; empowered customers in a partnership with empowered staff; a diversified funding base, no longer totally dependent on government grants; and strong partnerships that build on shared resources." To achieve the goal of fiscal stability and expanded capacity, the report states that "TRC will implement the next stage of its business plan by initiating a gradual but steadily increasing move into the fee-for-service (FFS) market." As a target for that implementation, they established a three-year goal of $150,000 in net income from fee-generated activities.

II. Driving Forces behind the Development of a Fee-for-Service Plan

The primary forces that motivated TRC to pursue fee-for-service business include:

a) The Need to Increase and Diversify Resources

TRC has a JTPA formula allocation of approximately $1.5 million annually. The generation of additional sources of revenue has been critical to maintaining basic program and staffing infrastructure. Over the last five years the emphasis has been on adding to the formula base by securing government discretionary grants and by successfully competing for a national veterans' grant which in this fiscal year alone provided close to one million dollars in additional income. The new fee-for-service efforts are expected to add another $27,000 in gross revenues in the current year, a figure which is consistent with the prior year's activity. TRC hopes that this represents only the beginning of what will ultimately become a steadily expanding source of flexible revenue.

b) Identification of Value-added Services

In the Spring of 1992 the PIC conducted an employer survey which identified a need for pre-employment preparation in the basic academic skills that cut across all jobs and training inthe most commonly used computer software. At the same time of the survey, staff werestruggling to identify strategies that would give a competitive advantage to their economically disadvantaged client base, most of

whom had little to offer employers in the way of solid work experience in a market that was flooded with white collar workers willing to take almost anything just to survive. An employee suggested that the agency start their own in-house computer instructional center, taught by subject-matter experts who also understood the unique needs of the adult learner, and thus the TRC Computer Center was opened.

This highly respected adult technology center offers six days and four evenings a week of quality instruction on the most popular beginning and intermediate software packages and other classes and workshops designed to address the skill needs employers had cited as essential in the survey. As the success of these programs became increasingly obvious, the "opportunity" also became apparent.

If computer software instruction and learning lab classes in "Business Writing" and "Effective Workplace Communication", and workshops like "Customer Service Strategies" and "Thinking Outside the Box" were good for JTPA clients because they were what employers said they must have, why wouldn't they also be good for fee-paying clients? Thus began the identification of "the product": something the buying public needs, at a price they are willing to pay.

c) Start-up Funding

In our Fee-for-Service research, our Project team has found that the organizations we profile as case studies share a common characteristics - being entrepreneurial enough to exploit an opportunity. That's basically what happened to TRC in the winter of 1994 when new federal legislation eliminated previous mandates that the manufacture of technical components used by the defense industry be done exclusively in the United States, which opened the door for companies like National Semiconductor to relocate defense-related manufacturing to Asia at a much lower cost. As the result of that decision, National closed approximately 90% of the Mil-Aero defense division, and dislocated hundreds of workers located at the South Portland, Maine facility.

National Semiconductor's goal was to offer their dislocated workers high quality, just-in-time service. That goal was at odds with federally-funded programs with long wait lists and other bureaucratic obstacles. National took an unusual corporate stand and committed significant resources of its own - people, time and money - to put together a total package that would offer the highest quality outplacement services possible, delivered on-site, at all hours of the day and evening. Their vision was a Center firmly grounded in a customer-friendly culture -- in other words, no government eligibility hoops, paperwork limited to that which helped customers track options, and the broadest possible range of service choices.

After exploring a variety of alternatives, National chose a team delivery model for the six-month on-site Career Center, staffed by their own human resources professionals, along with counselors from a local private outplacement firm and the Training Resource Center. Workshops were delivered at 3:00 p.m. and 3:00 a.m., depending on client demand; and taught by staff from any of the team

members, based on individual expertise in areas relating to specific customer needs. Employees had the option of selecting training from any of the regional vendors. Many chose TRC's computer and learning labs.

TRC's $150,000 proposal to National included an estimate of all direct and indirect costs: staff and space where relevant, as well as a one-third margin of profit. Billing was based on actual services used. The agency committed to a combination of existing staff and new hires, with the company having input on staffing decisions. National viewed the TRC proposal along with other private-sector options, measuring all choices against their goal of achieving specific outcomes for the laid off workers. After full consideration, they chose TRC as part of the team. The agency delivered a high quality product which ultimately netted them a $42,000 revenue surplus. At this time, that surplus represents TRC's only undedicated source of money. Some of it is now being used for current and future fee-for-service start-up costs.

In the ensuing years, TRC has continued to provide repeat fee-based services to National, although not on the same scope as the Mil-Aero project: they hired TRC for group resume workshops, followed by one-on-one sessions; used assessment staff to help identify applicant skill matches for jobs in the company's major South Portland expansion project; and in 1996 a member of the TRC staff once again participated in a smaller version of the outplacement center. An even more significant development was the recruitment of the human resource manager instrumental in the development of the 1994 Career Center as a member of the Private Industry Council. (Alan Cardinal now serves as the PIC Chair.)

Although outplacement services at National have been a good source of revenue, TRC is not focusing on this kind of work as the foundation for future fee-for-service activities. There are two major barriers:
  - First, companies who are establishing career centers generally want instant access to full-time, experienced counseling staff. Given the TRC commitment to JTPA clients first, transferring caseloads -- often on very short notice -- creates unacceptable disruption for the existing client base.
  - Second, southern Maine is host to a fairly large group of well-established outplacement firms. While TRC is confident that the quality of its services can match or exceed the best, the competitive process is time-consuming, costly, and often produces marginal results. To fully compete in this arena, the agency would need to be much larger, with more flexible resources for marketing and just-in-time delivery.

d) The Empty Seat Phenomenon

Over the years TRC gradually transitioned from being primarily a broker of training (purchasing whole classroom training and voucher-type individual slots in existing classes) to a program firmly grounded in portable skills as the basic foundation that preceded all subsequent occupation-specific job training activities. Counselors share information from employer focus groups and surveys with clients to urge them to make certain they can measure up to employers' basic skills expectations before pursuing occupation-specific training. Subsequently,

enrollment in learning lab courses, workshops and computer center programs have become very popular with TRC clients.

The motto of "What's good for JTPA clients is also good for fee-paying clients" took on new meaning as TRC began to test the waters by selling "empty seats" in computer classes on a stand-by basis at a reduced rate. JTPA clients still had first priority; however, if a client got a job and dropped out of a class, that seat was in effect being wasted. While still a fairly new venture that has yet to produce significant revenue, income from filling empty seats has been steady and, supported by a low-cost radio campaign and soon-to-be implemented Internet access (TRCsavebig@aol.com), it is slowly growing as it becomes better known. And while revenue is limited in scope, it helps to offset some of the staffing and indirect costs otherwise assigned to the JTPA programs.

More importantly, the exposure serves as an effective marketing tool, helping to build credibility and name recognition in the community. It is anticipated that as JTPA-sponsored and fee-paying individuals become employed, they will serve as ambassadors at the worksite, convincing employers and co-workers that TRC's programs offer high quality and relevant learning opportunities at a reasonable cost.

These driving forces combined together brought TRC towards an inevitable progression: from high quality employer-driven in-house portable skills programs for JTPA clients, to the sale of empty computer class seats to the fee-paying public, to customized training for companies. The marketplace had indicated what it needed; the infrastructure was there; and the product has a well-earned reputation for excellence in design and delivery and TRC had an opportunity to build from their base.

The biggest challenge was to find creative ways to promote services with almost no budget for marketing and staff support. Fortunately for TRC, the agency held in reserve a small surplus (now $38,000) from the National Semiconductor project.

III. Fee for Service: Look Before You Leap

Prior to pursuing fee-for-service program options, TRC knew that several key issues would need to be addressed:
- Board support in terms of a longer start-up time than originally anticipated;
- internal capacity building to ensure that there would be something of value to sell;
- PIC buy-in, including allaying fears about detracting from JTPA responsibilities;
- staff support, first for the overall initiative, and then for understanding that it would not/could not happen all at once; and
- last but not least, building credible financial and monitoring systems so that the agency could maintain fiscal integrity and also pass the "front page litmus test." (For example, would TRC be put in an embarrassing position if there were a front page story "exposing" inappropriate entrepreneurial efforts?)

One of the criteria for hiring a new executive director in 1992 was the need to have a leader

with extensive experience in the external community, supported by a proven track record in marketing, public relations and new program development. When Betsy Levenson came on board in the summer of 1992, she fully expected to launch a fee-for-service business immediately. She soon learned, however, that much work needed to be done before TRC could realistically expect to market its services.

a) PIC and Board Issues

The Board of Directors has always been the primary driving force behind TRC's fee-for-service initiative. Long before the current executive director was hired, Board members, many of whom came from strong business backgrounds, became deeply concerned about theagency's near-total reliance on government grants that was exacerbated by extreme funding fluctuations caused by dramatic shifts in the unemployment rate. The fee-for-service issue was less one of "Should we do it?" and more one of "How fast can we get there without jeopardizing the JTPA funding base?"

But as previously mentioned, this was also an issue that needed PIC support as well. **PIC members** were charged with the responsibility of assuring that the County's job training dollars were well spent and that the highest possible quality of service was being delivered. There was natural concern that focusing on launching a fee-for-service business would detract from the PIC's primary purpose -- assuring the best and wisest use of JTPA dollars. An honest and open dialogue helped to clarify that the shared commitment to the JTPA client base was the primary goal of all stakeholders: Board, PIC, County Commissioners, staff and the community. The agency's "heart and soul" would not be compromised by a fee-generating effort. In fact, the additional resources would provide an opportunity for greater programming depth and breadth. TRC's primary purpose and mission would continue to be *"to promote economic development by providing effective human resource development opportunities for individuals and employers - opportunities that are consistent with the current and future entry and higher level skill requirements of business, industry and other organizations in Southern Maine."*

Federal and state grants would still form the predominant financial base. Fee for Service was and is viewed as a "means to an end" that will ultimately help stabilize funding so that TRC can have more flexible sources of revenue in order to better service the County's workers and the employers who hire them. Creating this comfort level took time; fortunately, TRC now has the full support of their PIC and their Board. They also have a much more realistic understanding about the need to proceed slowly and carefully, setting more realistic and attainable goals.

b) Internal Systems-Building

In assessing internal systems, Betsy found many areas in need of upgrading. Fiscal systems were outmoded, information was erratic at best, and there was no

forecasting capacity. Staff tracked everything manually and very few had computer expertise. Like many social service programs, there was ambivalence about balancing the tendency to try to "do it all" for the job seeker with the need to empower people. And, while TRC's mission included "economic development by creating effective human resource opportunities", the basic program design had little focus on the employer as a customer.

All this changed over time. And that change was an essential prerequisite to building a strong foundation for the fee-for-service business:

- ° staff with solid technological and financial management expertise were brought on board to reorganize fiscal systems;
- ° discretionary grants provided the opportunity to hire new staff;
- ° a commitment to quality and continuous improvement was reflected in new management philosophies, operational procedures and revised human resource systems and policies;
- ° technology became a way of life, with a computer on everyone's desk and in-house training encouraged for all;
- ° improving customer service and increasing customer satisfaction became a way of life by the organization (as a charter member of The Enterprise Council, staff embraced the United States Department of Labor's "Simply Better" quality initiative as an ongoing management tool);
- ° the agency clarified its commitment to a philosophy of balancing "doing everything for clients" with empowering workers to "manage a lifetime of career opportunities", and,
- ° when TRC eventually designated staff member Nancy Bell as the Team Leader for Business Services, a staff member with successful marketing and fee-for-service experience, efforts to help fulfill the "employer as customer" aspect of the mission statement were being realized. Because this position is partially funded by fee-for-service revenues, it also provides some increased capacity to market and expand efforts in that arena.

c) Fiscal Integrity / Answering the Unfair Competition Issue

TRC took a very cautious approach to be certain that there were no potentially damaging issues relating to fiscal integrity. The agency's auditors were involved every step of the way, helping the finance department establish separate cost centers and design accounting systems that reimbursed JTPA for any portion of equipment used and/or staff time spent.

Although concerns about unfair competition are often hard to quantify, they can still be very damaging as perception sometimes has a way of becoming reality. To pass the "front-page litmus test" (e.g., if there were a newspaper headline charging fund misuse or accusing the agency of undermining "the free enterprise system") the agency solicited private sector donations for three of the computers in one of the teaching labs, creating a public/private partnership to support expanding services to clients not eligible through existing JTPA funding. Legally, this did not need to happen; politically, however, it provided the agency with an additional level of comfort, especially in maintaining positive public relations.

IV. Fee-For-Service: Launched and Re-launched

TRC was convinced that success was theirs for the taking. Everything was in place: they were a high-performing SDA with a very special "add-on" -- top-quality in-house classes that were "just what the employer ordered." Buoyed by the belief in the value of their product, and convinced that no one could/would do it better, staff and leadership had no doubt that after a carefully staged "launch", they would have to ask customers take a number and wait in line for to pay for TRC services. As Betsy says in hindsight, "Would that it were so!!!"

a) The 1996 Launch

The long-awaited implementation began in January of '96. All went according to plan:
- workshop and computer class offerings were reviewed, selecting those with the broadest appeal for inclusion in the brochure;
- the best days/times to offer fee-for-service classes were identified, creating minimal disruption to regularly scheduled JTPA client services (ultimately, this meant expanding into evening and weekend hours);
- an attractive (but also low-cost) brochure was developed and published;
- he market was segmented: likely customers identified; phased-in mailing plan implemented (*only if absolutely necessary*, was advertising to be paid for);
- a strategy for follow-up calls and agency tours was developed; and
- opportunities for "earned media" were created.

TRC is quick to acknowledge that their leap into the business world was a combination of a whole lot of enthusiasm, a little bit of arrogance, and the naiveté of the uninitiated. The goal of $8 - 9,000 a month in gross revenues right out of the gate did not match the reality of a shoe-string marketing campaign, no dedicated staff for follow-up, and the lingering public perception of TRC as a "government program." It also assumed that all variables would remain constant, which was clearly not the case.

Shortly after the launch, TRC was faced with personnel shortages in their computer division and because the agency was faced with an anticipated 12-20% cutback in federal grant revenue, a vacant assessment specialist position (also available for limited fee-for-service projects) was not filled. Together, these unanticipated events created a personnel shortage that impacted the agency's ability to offer additional computer classes and assessment services. TRC was once again concerned about its delivery capacity; marketing efforts, therefore, were put on hold, allowing time and space to reassess and to rebuild.

b) The 1996 "Re-launch"

TRC was in the fee-for-service business for the long-haul and since it took many years to assess needs, build capacity, and place themselves in an advantageous strategic position, the leadership viewed previous short-term setbacks as just one more step in the process. The 1996 reassessment and plan modification included the following:

- it was at this time that the previously mentioned reassignment of Nancy Bell as "Team Leader for Business Services" took place and her time was divided between the Business Visitation Program, a survey outreach effort implemented in conjunction with local Chambers, and fee-for-service efforts;
- a business data base that could be used for a multitude of agency purposes, including planned mailings to build name recognition for fee-for-service, was built;
- the "National Semiconductor nest egg" was raided for several low-cost promotional efforts: a 30-second radio spot advertising computer classes and announcing the availability of "stand-by seats at half-price"; limited print advertising; regional trade shows; and regularly scheduled mailings;
- a consultant to create professional-looking one-page flyers and other promotional material on an as-needed basis was hired;
- income projections were revised to reflect the reality of starting a new business with limited resources for capitalization and Nancy helped staff understand that although the start-up was slower than anticipated, TRC was committed to staying the course and offered opportunities for greater staff involvement;
- the Executive Director continued promoting broader public policy initiatives to further support the base of the TRC fee-for-service activities -- portable skills training &endash; through various activities; and
- the PIC took on a lead role in promoting the value of the "Learning Organization" as an essential economic development tool -- TRC provides staff support for efforts in this area, including a televised panel discussion exploring the importance of incumbent worker training and the recently launched "Learning Organization Hall of Fame" awards that are presented at Portland Area Chamber of Commerce breakfasts.

V. Pricing and Financial Recordkeeping

Pricing has created a unique challenge for TRC, with some movement back and forth between unit pricing, cost-plus proposals and a bargain basement "sale" approach.

As previously noted, a cost-plus basis for the National Semiconductor project was used. This was consistent with approaches taken by the other private providers under consideration. Staffing and related indirect costs were estimated for the life of the project, and then a thirty percent profit margin was added. Billing was tied to actual services used, not to exceed the original estimate. Later, when TRC expanded into the broader public marketplace, unit course prices were established that were consistent with prices charged by the competition. The agency took this approach to avoid opening itself up to charges of using government funds to undercut the competition (regardless of whether or not the charge had any basis in fact).

TRC has successfully used the reduced rate stand-by computer class status and is now experimenting with workshops on a cost-plus basis (as opposed to a per-person charge). Time will tell whether or not this is a successful strategy. It may prove to be an important intermediary phase, at least until reputation and credibility are firmly established. TRC will constantly review all pricing policies, and experiment and adapt as required.

VI. Future Expansion

TRC now believes they are in a position to build on their small but carefully built base of satisfied customers. Slowly but surely TRC says the word is getting out in the business community: their educational services are highly relevant to employer needs; the quality is consistently excellent; and classes are easily customized to meet the needs of individual businesses. This past year they worked with over 20 different employers as well as filled seats in their computer labs with several fee-paying individuals.

The Fee-for-Service Research Project Team spoke with three of their current clients (Vessel Services, Inc., Gallagher Bassett Insurance, Inc., and Portland/Lewiston Welding/Freeman's Supply) and found very high satisfaction with TRC services. All the companies commented on TRC's willingness to customize educational and computer training to meet industry and company-specific needs, with a high correlation between skills learned and business needs. TRC sees this high level of customer satisfaction as their "ace in the hole", one that presents an opportunity to cultivate repeat business.

VII. 20/20 Hindsight and Lessons Learned

TRC believes that they are now in the enviable position of having high quality programs in place, with a staff that is willing to take the time to look back and learn from past experiences. TRC is eager to share their fee-for-service experience, including their thoughts about lessons learned and strategies for success that may be helpful to others embarking on the same path ~ which are very similar to those that our Fee-for-Service Research Project Team have heard from other pioneers:

1. Pay attention to business. If JTPA funding is your primary reason for existence, do not neglect it in favor of fee-generating activity. By strengthening JTPA programming, you will have more value-added services to offer fee-paying customers. (What is good for JTPA clients is also good for fee-for-service clients!)
2. Identify your core competencies and build on them. No one will pay for something that does not add value to their operation. If you attempt to sell a marginal product, you will get caught, sooner or later. Maintain strict quality control.
3. Be responsive and flexible. The business community will not wait until you are ready. If they call requesting a service, respond immediately. Do not put them on a wait list. In the same vein, be prepared to customize offerings to meet customer needs. They are paying you, so you had better meet their needs or they will go elsewhere.
4. Market, market and market again. Everything you do in the public arena is marketing. People need to see and hear your name over and over, in many different venues. It isn't necessarily as straightforward (or as expensive) as paid spots on the radio. Annual reports, award dinners, job developers in the field, news stories about successful clients: all add to an understanding of the value of your services. Every little bit helps!
5. Raise public consciousness. If you are selling courses that improve organizational productivity, help employers understand that training really does have enormous long-term value. Give awards for best practices, sponsor panel discussions, speak at service clubs. In other words, if you are offering a product that you have every reason to believe the buying public needs, help them "see the light".
6. Build and support staff buy-in. Help staff see both the forest and the trees. Work with them so that they understand where the organization is going, and why. Communicate often about progress. Share successes and be honest about setbacks.

7. Involve staff, as much as is realistically possible. Capitalize on opportunities for staff to interact with employers. It will further the goals of fee-for-service, and it will definitely benefit JTPA, providing staff with a far greater appreciation for the business culture! Expand delivery capacity (again, in both JTPA and fee-for-service) by creating opportunities for staff cross-training.

8. Think of your operation as a business. Efficient operational systems, performance-based outputs, responsiveness to customers, just-in-time delivery systems, sound financial management: these are not the sole purview of the private sector. If you are going to be a business, you must walk and talk like one -- in all areas of planning and operation.

9. Be sensitive to public opinion. Those who take government money have a responsibility to be especially sensitive to public opinion -- probably much more so than other businesses. The perception of scandal, earned or unearned, could do irreparable damage to all your core operations.

10. Learn from the competition. Watch what others are doing. If a strategy is adding to the competition's profitability, it could also work for you. Don't be intimidated or afraid to adapt their best practices to your model.

11. Be realistic. Don't expect to make money right away! If you establish unrealistic goals at the outset, you could create morale issues among some staff who view the need to go back, reassess and modify as a failure. Move slowly in the beginning, building and fine-tuning as you go. It is important to remember that very few businesses make money from day one. In the early stages, any income that supports expanded JTPA capacity is a success.

Attachments:
1. Sample Service Agreement, Invoice and Fiscal tracking formats
2. Marketing brochure and flyers
3. TRC memos related to fee for service implementation; Business Visitation Program Survey